

# **COMPETITIVE SOURCING NEWSLETTER**

## **JANUARY 2003**

### **ANNUAL PARTNERING MEETING**

The annual CE, Contracting, and Industry Partnering Meeting is being planned for 4-5 Mar 2003 in Atlanta. It will be held at the Crowne Plaza hotel in the Buckhead area of Atlanta. The hotel is near a MARTA (subway) Station that provides access to the airport and all areas of the city. This year's focus will be on changes to OMB Circular A-76, Statement of Work development, and the identification of contract vehicles. Invited attendees will represent the Air Force, other government agencies, contractors/vendors, and professional organizations representing functions normally performed by CE. An official message with more information will be sent as the date draws nearer. Mark these dates on your calendar and plan to attend.

### **DRAFT REVISED OMB CIRCULAR A-76**

#### **Background**

The Office of Management and Budget (OMB) released the revised Circular on 14 Nov 2002 for public review and comment. The revision was the result of the Commercial Activities Panel (CAP) recommendations presented in April 02. The draft Circular is effective upon publication in the Federal Register (19 Nov 02) and applies to all Direct Conversions and Cost Comparisons where the solicitation date is on or after January 1, 2003. This date may be subject to change based on comments received during the public review period. After reviewing the comments, OMB will make the changes it deems appropriate. Projected release of the final version is 15 January 2003; however, this date is subject to change. The draft Circular can be found on the OMB website at [http://www.whitehouse.gov/omb/circulars/a076/a76\\_111402.doc](http://www.whitehouse.gov/omb/circulars/a076/a76_111402.doc).

#### **Basic Philosophy**

The longstanding policy of the federal government has been to rely on the private sector for needed commercial services. The draft Circular states "For the American people to receive maximum value for their tax dollars, all commercial activities performed by government personnel should be subject to the forces of competition. Agencies shall presume all activities are commercial in nature unless an activity is justified as inherently governmental."

#### **Inherently Governmental**

The definition of inherently governmental is more clearly defined. The significant change is the addition of the following statement. "Exerting ultimate control over the acquisition, use, disposition of property, real or personal, tangible or intangible, of the United States including the establishment of policies or procedures for the collection, control, or disbursement of appropriated and other federal funds"

## **Process Changes**

**Timeframe.** The timeframe for completing the cost comparison is reduced to 12 months (8 for PWS and solicitation development, and 4 for MEO development and decision). The clock starts at public announcement and ends at tentative decision. There is a provision for a one-time extension of six months that must be approved by OMB. If the agency is unable to issue the solicitation with the eight month timeframe, agencies will notify OMB no later than seven months after start date and identify corrective actions that have been taken or are planned. It is unclear if DOD will sign up to this timeframe since there are statutory limits of 24 for a single function study and 48 months for a multi-function study that apply to all DOD components.

### **Terminology.**

- The in-house management plan is now the Agency Tender and there is an Agency Tender Official (ATO) who is independent of the contracting office, Source Selection Authority (SSA), and the Administrative Appeal Authority (AAA). The ATO is responsible for developing and certifying the Agency Tender.
- The Transition Plans is called the Phase-in and Phase-out Plans.
- The Cost Comparison is now called a Standard Competition.

**Preliminary Planning.** Prior to announcement agencies will determine the activities and positions to compete, conduct research to determine proper grouping of activities, assess workload data availability, establish data collection systems, designate Competition officials, determine roles and responsibilities, and develop the completion schedule. Scoping, conducting research, and developing acquisition strategies are important during the Preliminary Planning phase.

**Centralized Oversight.** Centralized oversight in one or more offices will be established to facilitate fairness in competitions. Resources will be allocated to apply consistent, transparent, and clear competition processes based on lessons learned and best practices.

**Performance Based Acquisitions.** The PWS that is developed will be performance based with measurable performance thresholds and may encourage innovation.

**Government Furnished Property (GFP).** Including GFP in the PWS must receive prior approval from the appointed agency official.

**Innovation.** When performing Cost/Technical Trade-off (CTTO) source selections, the solicitation will allow offers and tenders, including the agency tender to propose innovative approaches and different performance standards than the solicitation requires.

**Quality Control.** The Agency Tender will include a Quality Control Plan (QCP) that describes the internal staffing and procedures that the MEO will perform to meet quality, quantity, timeliness, responsiveness, customer satisfaction, and other aspects of the solicitation.

**Agency Tender.** The Agency Tender will include the MEO, Cost Estimate, QCP, and MEO Phase-in Plan. It will respond to sections L & M of the solicitation.

**MEO.** The MEO is the Agency's staffing plan and is a product of analysis, consolidation, functionality assessment, industrial engineering, market research, reengineering, reinvention, utilization and value engineering. The MEO can be comprised of Federal employees, a mix of Federal employees and contracts. ***New contracts shall not be created as part of MEO development.***

**Phase-in Plan.** The Phase-in Plan includes details for replacing the current service provider to minimize disruption, adverse personnel impacts, and startup requirements.

**Delayed Delivery.** The Agency Tender must be submitted by the due date stated in the solicitation. If not submitted on time the CO shall not open any received offers or tenders and shall notify the ATO, and 4.e.offical that the Agency Tender was not submitted.

**Evaluation of Agency and Public Reimbursable Tenders.** Neither the SSA nor the CO shall direct or request adjustments to the Agency Tender that would identify an offerors' proprietary methodology, or require, direct, or make specific changes to the Agency Tender including the approach used by the agency and agency staffing requirements.

**Integrated Evaluation Process.** When using this process for Cost Technical Tradeoff (CTTO) procurements, the Agency Tender may be eliminated from the competitive range and the Performance Decision may be based on factors other than the lowest cost.

**Phased Evaluation Process.** When conducting a CTTO, procurement evaluation may be conducted in two phases. During the Phase One, the SSA will evaluate all technical proposals from all offerors for technical merit. The SSA may request further data from all offerors if the performance standards are different from the requirements of the solicitation. All offerors will be afforded the opportunity to resubmit a tender based on solicitation requirements. After resubmissions are received, the SSA proceeds to Phase Two. Cost proposals from all technically acceptable tenders/offers are evaluated and then a decision is announced.

**Letter of Obligation.** If the Agency Tender is a winning proposal, the contracting office will issue a Letter of Obligation that will include the Performance Decision date, expected date for full performance based on the Phase-in Plan, the option years and end date for performance, the terms of the solicitation and tender, performance records based upon performance tracking required in the QCP, a requirement to document changes to the PWS and MEO, a requirement to retain Cost Comparison documentation, and the re-compete date.

**Appeal Process.** An Appeal is permitted and can only be submitted during the Appeal Submission Period. The appeal submission period is normally 10 working days. The Administrative Appeal Authority has 30 working days to issue a single appeal decision.

Sequential appeal processes are not permitted. The ATO may appeal on behalf of the affected employees.

**Conflicts of Interest.** Conflict of Interest rules resulting from the Jones-Hill decision are included and are well defined.

**Business Case Analysis (BCA).** A BCA is required for all direct conversions.

**Phase-In Costs.** All phase-in costs will be included in the costing data.

**Interservice/Intraservice Support Agreement (ISSA).** ISSAs are subject to recompetition under the Circular.

**Independent Review.** Although independent review is not specifically addressed, the ATO is independent from the CO, SSA, and the AAA is responsible for developing and certifying the Agency Tender. The ATO performs independent review duties.

## **ASSISTANCE**

For help in planning your Cost Comparison, Direct Conversion, or Reengineering efforts call the HQ AFCESA Competitive Sourcing Help Desk at DSN 523-4970 or e-mail: [cshelpdesk@tyndall.af.mil](mailto:cshelpdesk@tyndall.af.mil).

The Competitive Sourcing Help Desk consists of three full-time professionals with extensive experience in the competitive sourcing/cost comparison process: an engineer, a contracting specialist, and a manpower expert. They operate from AFCESA to provide Competitive Sourcing and Reengineering support services including, but not limited to, the following:

- Answering competitive sourcing/cost comparison/reengineering related questions.
- Providing technical advice to Cost Comparison CE Steering Committee members.
- Assisting in developing acquisition strategies.
- Providing guidance on new acquisition procedures.
- Reviewing statements of work, quality assurance plans, and management plans.
- Maintaining a repository of lessons learned from CE activities.
- Providing assistance on reengineering/manpower standards development efforts.